

# Joint Administrators' final progress report from 23 September 2022 to 25 November 2022

Storm Funding Limited (in administration)

25 November 2022

<https://www.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/storm-funding-limited-in-administration.html>

High Court of Justice, Business & Property  
Courts of England & Wales, Insolvency &  
Companies List (ChD)

Case no. 8210 of 2008

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This report has been prepared by DY Schwarzmann, EJ Macnamara, GE Bruce and DJ Kelly as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at <https://www.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/storm-funding-limited-in-administration.html>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

DY Schwarzmann, EJ Macnamara, GE Bruce and DJ Kelly have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.

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# Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report

Abbreviation or definition	Meaning
Acenden	Acenden Limited (formerly known as Capstone Mortgage Services Ltd)
Administrators	DY Schwarzmänn, EJ Macnamara, GE Bruce and DJ Kelly
Administration	Storm's Administration
Court	The High Court of Justice
Firm	PricewaterhouseCoopers LLP
Group	Lehman Brothers UK Group
HMRC	HM Revenue and Customs
IMA	Investment Management Agreement
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
LBH	Lehman Brothers Holdings Plc (in Administration)
LBHI	Lehman Brothers Holdings Inc (Chapter 11)
LBHI2	LB Holdings Intermediate 2 Limited (in Administration)
LBIE	Lehman Brothers International (Europe) (in Administration)
Mable	Mable Commercial Funding Limited (in Administration)
Period	From 23 September 2022 to 25 November 2022
Proposals	The Administrators' statement of proposals for achieving the purpose of the Administration, dated 12 November 2008
Storm or the Company	Storm Funding Limited (in Administration)
Secured creditors	Creditors with security in respect of their debt, in accordance with section 248 IA86
Preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Unsecured creditors	Creditors who are neither secured nor preferential
Repo Claim	A claim arising from a repo/reverse repo arrangement
Shortfall Claim	The Storm claim against LBIE arising from a shortfall in the number of securities held in the Lehman depository accounts
VAT	Value Added Tax

# *Key messages*

## *Why we've sent you this report*

As we explained in our most recent Progress Report, the Administrators' period of office was set to expire on 30 November 2022. We also explained that we expected to complete all remaining tasks in the Administration, including the final distribution to creditors and closure of the Company, in advance of the Administration period ending.

We are pleased to let you know that our work in the Administration of Storm Funding Limited is now complete and set out below our twenty-ninth and final report.

You can still view our earlier reports on our website at [www.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/storm-funding-limited-in-administration.html](http://www.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/storm-funding-limited-in-administration.html).

## *How much creditors have received*

On 24 June 2013 the Court made an Order pursuant to paragraph 65(3) of Schedule B1 to IA86 granting permission for the Administrators to make distributions to unsecured creditors.

The Administrators have paid fourteen dividends to unsecured creditors totalling 42.266 pence in the pound on admitted claims, including the fourteenth and final dividend distribution made on 25 November 2022 of 0.187 pence in the pound. Cumulative distributions to date total £989m.

We set out in Appendix E a list of the dividends paid to date.

## *What happens next*

The purpose of the Administration, as set out in the Administrators' proposals document, has now been achieved.

On 22 November 2022, the Court made an Order to the effect that, pursuant to paragraph 98 of Schedule B1 to IA86, the Administrators be discharged from liability in respect of any act or omission in their individual capacities as administrators of Storm, such discharge to take effect from the date falling 28 days after registration by the Registrar of Companies of a notice from the Administrators pursuant to paragraph 84 of Schedule B1 to IA86.

Following payment of the fourteenth and final dividend distribution there are no remaining assets within the Company. The Administrators will therefore use paragraph 84 of Schedule B1 to IA86 to bring to an end to the Administration.

This report is for your information and you don't need to do anything.

# ***Brief history of the Company and why it entered Administration***

## ***The circumstances leading to our appointment as Administrators***

- Mable was the holding company for a number of subsidiaries within the Lehman Brothers Group of Companies (“the Lehman Group”), including Storm. It principally acted to manage the flow of investment funds to these subsidiaries from LBH and LBIE, the ultimate US registered parent of the Lehman Group and the main European broker-dealer respectively.
- On 15 September 2008, LBHI announced that it was preparing to file for Chapter 11 insolvency protection in the US, precipitating the appointment of Administrators to protect the business and assets of LBIE, amongst other Lehman Group companies, on the same day. Immediately upon their appointment, the Administrators met with the directors of LBIE and undertook a detailed review of the UK operations of the Lehman Group.
- As part of this review, it was established that Mable could not repay its liabilities to LBHI and LBIE and Storm could not repay its liabilities to Mable. On 22 September 2008 the directors of Mable and Storm resolved to place the Companies into Administration. The Administration Orders in respect of Mable and Storm were made on 23 September 2008.
- As it was not reasonably practicable to rescue Mable and Storm as going concerns, the Administrators pursued the objective of achieving a better result for the Companies’ creditors as a whole than would be likely if the Companies were wound up (without first being in Administration).
- The specific aims of these Administrations were to:
  - protect and control the Companies’ portfolios of assets; and
  - realise these assets, including cash and asset and mortgage backed securities, on a managed basis.

## ***Approval of our proposals***

We issued to creditors our proposals, dated 12 November 2008, for achieving the purpose of Administration.

We said in our proposals that the purpose of the Administration was to realise the Companies’ businesses and assets in a manner which will result in a more advantageous realisation than would be achieved on a winding up (a formal liquidation, as defined in the IA86).

The proposals were approved at a meeting of creditors held on 27 November 2008. There were no requests from creditors for the formation of a Creditors’ Committee.

We attach a summary of our proposals at Appendix A.

# *Overview of our work since appointment*

## *Securities held in Lehman depository accounts*

As reported previously, the Administrators filed an affiliate asset claim against LBIE in respect of its securities held in the Lehman depository accounts.

The Administrators also entered into an IMA with LBIE to market and realise these securities on behalf of Storm.

All recoverable securities have been realised or disposed of. As outlined in earlier reports, the Administrators discovered that a number of securities were no longer held in the depository accounts and, as a result, a Shortfall Claim was submitted to LBIE.

## *Inter-company debtors – LBIE*

In addition to the Shortfall Claim, Storm had a Repo Claim against LBIE. Both the Shortfall Claim and the Repo Claim were agreed with LBIE in March 2014. After offsetting a small intercompany balance owed to LBIE, the net claim amounted to £158m. This claim was agreed on the basis that Storm waived its entitlement to statutory interest accrued before 31 August 2012. Storm has received 100 pence in the pound on the principal amount of its claim. On 25 July 2018, Storm received a final distribution of £21m for statutory interest.

## *Inter-company debtors – US affiliates*

Storm's total claims against the various Lehman US affiliates were agreed pursuant to the Joint Chapter 11 Plan dated December 2011 at \$1.1bn. In August 2014 Storm sold its largest US affiliate claim to a third party, leaving a total claim of \$335.7m. To date, cumulative dividends received from US affiliates and consideration from selling the claim, have totalled \$495.5m.

We previously reported that one of the US debtors had asserted that they had overpaid distributions to Storm, exceeding the guaranteed amount. Pending future discussions to resolve the matter, on 12 September 2018, Storm paid the US debtor a partial refund (in the sum of £12.9m) in accordance with a settlement agreement.

As previously reported, that US debtor had also initiated proceedings in April 2019 in the United States Bankruptcy Court Southern District of New York against certain other Lehman UK affiliate entities, asserting that it had overpaid distributions to those UK affiliates. A settlement was agreed between the parties to these proceedings (which did not include Storm) in January 2021 (the "Clawback Settlement"). Following the Clawback Settlement we held further discussions with the relevant US debtor asserting the claim regarding overpaid distributions to Storm.

Following these discussions a final settlement was agreed and a further payment of £1.9m made to the US debtor to conclude the matter, in accordance with a settlement agreement agreed upon similar commercial principles to the Clawback Settlement. Under the terms of this settlement agreement, Storm also assigned its £158m claim against LBIE (not including the 100 pence in the pound on the principal amount and £21m of statutory interest already received) to the US debtor.

No further payments were made to the US affiliate in relation to this matter.

## *Acenden sale*

In 2010 Storm purchased Acenden from another group entity. An element of the purchase price was deferred consideration due to the vendor on Storm realising value from its shareholding in Acenden.

The sale of Storm's shareholding in Acenden completed on 6 January 2015, following a competitive sale process. Under the terms of the sale, details of the final consideration agreed with the buyer are confidential.

Storm recovered £14m after payment of deferred consideration to the group entity under the original acquisition. The sale conditions were fully satisfied and no further deferred consideration was due.

## *Claims agreement*

Storm has received 14 claims from unsecured creditors, mainly Lehman affiliates, totalling £3.2bn. The two largest agreed claims are £1.8bn from LBHI and £366m from Mable. Nine other claims were admitted for dividend and three claims were withdrawn.

## *Taxation and VAT*

We fulfilled our duties as proper officers for tax during the Administration and filed VAT and corporation tax returns for all relevant accounting periods. HMRC raised no queries on our returns and has confirmed that it has no objection to the Administration ending.

To date, VAT totalling £2.9m has been repaid to Storm. All VAT returns to the quarter ended August 2022 have been submitted to HMRC. The VAT return for the quarter ended November 2022 is being submitted and the remaining VAT receivable of £58k is being used to settle expenses of Storm.

## *Investigations and actions*

Nothing came to our attention during the Administration to suggest that we needed to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

## *Our final receipts and payments account*

We set out in Appendix B an account of our final receipts and payments in the Administration from 23 September 2008 to 22 November 2022.

No receipts were received in the period.

Payments consisted of:

- Legal and other professional costs of £20k;
- Our fees and disbursements of £173k for the period;
- The final dividend distribution to creditors of £4.4m; and
- VAT paid of £39k.

## *Our expenses*

We set out in Appendix C a statement of the final expenses that we incurred to the date covered by this report.

## *Our fees*

The manner in which the Administrators' remuneration is determined and approved is set out in the applicable insolvency legislation.

In accordance with the Proposals, as a creditors' committee was not formed, it was therefore for creditors to agree the level of the Administrators' remuneration and Category 2 disbursements.

At a meeting held by correspondence on 20 September 2010 creditors approved resolutions authorising the Administrators to draw remuneration on the basis of their time costs, together with Category 2 disbursements and VAT from 1 July 2010 onwards from time to time.

As set out in our last Progress Report in order to achieve an efficient and timely wind down of the Storm estate, for the period from 23 September 2022 to the closure of Storm, the Administrators proposed to charge fees on a time costs basis up to a cap of £60k for the remaining work required on Storm to closure. Our costs have exceeded £60k but we have not billed in excess of this £60k cap.

The Administrators have drawn all agreed fees in relation to the closure of the Company and no further invoices will be raised.

We set out in Appendix D an update on our remuneration which covers our fees, disbursements and other related matters in this case.

## *Creditors' rights*

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

Please note that insolvency practitioners were subject to different regulatory requirements prior to 1 April 2021. Therefore, information provided by insolvency practitioners prior to that date may vary slightly to the information required as set out in this guide. Whilst not all the provisions apply to this Administration (which commenced 23 September 2008) it is the most appropriate guide currently available following the changes made by IR16.

You can also obtain a copy free of charge by telephoning Elliot Stickings on +44 7483 421780.

If you have any questions, please get in touch with John Baker on +44 7843 326661.

Yours faithfully

For and on behalf of Storm Funding Limited

DY Schwarzmenn



Joint Administrator  
Storm Funding Limited



# ***Appendix A: Summary of our proposals***

The Administrators make the following proposals for achieving the purposes of the Administrations.

- I. The Administrators will continue to manage and finance the businesses, affairs and property from asset realisations in such manner as they consider expedient with a view to achieving a better result for the Companies' creditors as a whole than would be likely if the Company had been immediately liquidated.
- II. The Administrators may investigate and if appropriate, pursue any claims that the Company may have under the Companies Act 1985, the Companies Act 2006 or the IA86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.
- III. The Administrators will at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator or supervisor of a company voluntary arrangement / scheme of arrangement and the costs of so doing be met as a cost of the Administrations as part of the Administrators' remuneration.
- IV. The Administrators may at their discretion make an application to Court for permission to make distributions to unsecured creditors under Paragraph 65(3) Schedule B1 IA86.
- V. A creditors' committee will be established if sufficient creditors are willing to act on the relevant committee. The Administrators propose to seek the election of creditors' committees and to consult with them from time to time. Where the Administrators consider it appropriate, they will seek sanction from the committees to a proposed action rather than convening a meeting of all creditors.
- VI. The Administrators will consult with the relevant creditors' committee concerning the necessary steps to extend the Administrations beyond the statutory duration of one year if an extension is considered advantageous. The Administrators shall either apply to the Court or seek consent from the appropriate classes of creditors for an extension.
- VII. The Administrators may use any one or a combination of "exit route" strategies in order to bring the Administrations to an end. The Administrators wish to retain a number of the options which are available to them, including:

(a) the Administrators may formulate proposals for a scheme of arrangement under Section 899 of the Companies Act 2006 and if so ordered by the Court will put them to meetings of the various classes of creditors. If the scheme of arrangement is approved and sanctioned by the Court, the Administration will be brought to an end by notice to the Registrar of Companies on completion of the Administration under Paragraph 84 Schedule B1 IA86, following registration of which the Company will be dissolved three months later, OR

(b) the Administrators may place the Company into creditors' voluntary liquidation. In these circumstances, it was proposed that Dan Yoram Schwarzmann, Anthony Victor Lomas, Steven Anthony Pearson and Michael John Andrew Jervis be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either any or all of them. In accordance with Paragraph 83(7) Schedule B1 IA86 and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved, OR

(c) The Administrators may formulate proposals for company voluntary arrangements ("CVA") and put them to meetings of the Companies' creditors and shareholders for approval. If the CVAs are approved, the Administrations will be brought to an end by notice to the Registrar of Companies on completion of the Administrations under Paragraph 84 Schedule B1 IA86, following registration of which the Company will be dissolved three months later, OR

(d) The Administrators may apply to the Court to allow the Administrators to distribute surplus funds to unsecured non-preferential creditors. If such permission is given, the Administrations will be brought to an end by notice to the Registrar of Companies under Paragraph 84 Schedule B1 IA86, following registration of which the Companies will be dissolved three months later. If permission is not granted the Administrators will place the Company into creditors' voluntary liquidation or otherwise act in accordance with any Order of the Court.

- VIII. The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Schedule B1 IA86 in respect of any action of theirs as Administrators at a time determined by the Court.
- IX. The Administrators' fees will be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge-out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9) be charged in accordance with the Administrators' firm's policy. It will be for the creditors' committee to fix the basis and level of the Administrators' fees and Category 2 disbursements but if no committee is appointed, it will be for the general body of creditors to determine these instead.
- X. The primary currency for the Administrations will be US Dollars and funds will be maintained in US Dollars, (except to the extent that monies are needed to meet Administration expenses payable in other currencies). The Administrators will require creditors to submit their claims in US Dollars and dividends will be paid in US Dollars in the chosen exit route from the Administration.

# Appendix B: Final receipts and payments

The receipts and payments account does not show estimated to realise values from the directors' statement of affairs as, given the uncertainty at that time, this does not provide a meaningful comparison with actual asset recoveries. The directors' statement of affairs has been provided in previous progress reports and is available on the Companies House website dated 14 April 2010.

Following the distribution of the final dividend, the Company's total cash and assets have been drawn to £0. We set out in Appendix E a list of the dividends paid to date.

## Storm Funding Limited

	As at 25 November 2022			As at 25 November 2022 TOTAL GBP equivalent	Movements from 22 September 2022 to 25 November 2022 (GBP equivalent)	As at 22 September 2022 GBP equivalent RESTATED at 25 November 2022	As at 22 September 2022 TOTAL GBP equivalent
	GBP (£)	EUR (€)	USD (\$)	£	£	£	£
RECEIPTS	000's	000's	000's	000's	000's	000's	000's
Income from investments	108,320	51,190	-	153,050	-	153,050	153,137
Acenden proceeds	31,043	-	-	31,043	-	31,043	31,043
Interest	5,961	400	78	6,375	-	6,375	6,379
Corporation Tax repayment	23,296	-	-	23,296	-	23,296	23,296
VAT repayment	2,947	-	-	2,947	59	2,888	2,888
Other income	23,323	1,517	-	24,648	-	24,648	24,651
Intercompany debtors	212,683	98	495,483	623,425	1	623,424	646,812
Other recoveries	172	-	-	172	-	172	172
Inter estate Transfer	597,144	-	-	597,144	336	596,808	596,808
Investment management recoveries	21,919	35,654	327,724	324,692	-	324,692	340,220
<b>Receipts grand totals</b>	<b>1,026,808</b>	<b>88,859</b>	<b>823,284</b>	<b>1,786,792</b>	<b>396</b>	<b>1,786,395</b>	<b>1,825,406</b>
PAYMENTS							
Building and occupancy cost	685	-	-	685	-	685	685
Payroll and employee costs	1,680	-	-	1,680	-	1,680	1,680
Capstone share repurchase	50	-	-	50	-	50	50
Asset Management Company expenses	80	-	-	80	-	80	80
Sale of Business/Goodwill	-	-	-	-	-	-	-
Tax/VAT payment	4,675	-	-	4,675	-	4,675	4,675
Legal fees	4,644	-	69	4,702	24	4,677	4,681
Insurance fees	7	-	-	7	-	7	7
Office holder's remuneration	23,821	-	-	23,821	207	23,614	23,614
Office holder's disbursements	46	-	-	46	-	46	46
Other professional fees	551	-	-	551	-	551	551
Inter estate Transfer	-	88,532	820,760	757,657	327	757,330	796,202
Investment management fees	137	267	2,455	2,405	-	2,405	2,521
Distributions to unsecured creditors	990,433	-	-	990,433	4,358	986,075	986,075
<b>Payments grand totals</b>	<b>1,026,808</b>	<b>88,859</b>	<b>823,285</b>	<b>1,786,792</b>	<b>4,916</b>	<b>1,781,875</b>	<b>1,820,867</b>
<b>NET POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,520)</b>	<b>4,520</b>	<b>4,539</b>
CASH BALANCES							
HSBC	-	-	-	-	-	-	-
Money markets	-	-	-	-	-	-	-
<b>Total cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exchange rate as at 22 September 2022</b>							
	EURO 11 : GBP	0.8755					
	USD \$1 : GBP	0.8760					
<b>Exchange rate as at 25 November 2022</b>							
	EURO 11 : GBP	0.8738					
	USD \$1 : GBP	0.8288					

Amounts include VAT where applicable

## Appendix C: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Administrators from the estate and includes our fees but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an Administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix B, which shows expenses actually paid during the Period and the total paid to date. Where appropriate, expenses are shown inclusive of VAT.

	<b>Brought forward balance £'000</b>	<b>Incurred in the Period £'000</b>	<b>Cumulative Total £'000</b>
Legal fees	4,678	24	4,702
Payroll and employee costs	1,680	-	1,680
Building and occupancy costs	685	-	685
Administrators' remuneration	23,749	72	23,821
Administrators' disbursements	46	-	46
Trust asset fees	2,112	-	2,112
Other professional fees	547	-	547
<b>Total</b>	<b>33,497</b>	<b>96</b>	<b>33,593</b>

## *Disbursements*

The Administrators are not required to seek approval to draw expenses or disbursements unless they are for shared or allocated services provided by their own Firm, including room hire, document storage, photocopying or communication facilities, or payments to associates. These types of expenses are called “Category 2” disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same parties which approve their fees.

Category 1 disbursements comprise payments to third parties, for example in relation to travel costs, statutory advertising and insolvency office holders’ insurance.

The Administrators’ expenses policy allows for all properly incurred expenses to be recharged to the Administration.

There were no Category 2 disbursements incurred during the Period and no payments were made to associates.

# Appendix D: Remuneration update

## Our hours and average rates:

The time cost charges incurred in the period from 23 September 2022 to 25 November 2022 are £70k (net of VAT).

We set out later in this Appendix details of our work to date, subcontracted work and payments to associates.

### Joint Administrators' time costs for the period 23 September 2022 to 25 November 2022

Classification of work	Partner		Director		Senior Manager		Manager		Senior Associate		Associate		Total		Cost Per Hour (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Accounting and Treasury	0.00	0	0.00	0	0.50	348	0.50	306	4.00	1,821	1.93	580	6.93	3,054	441
Creditor Claims	0.00	0	1.30	1,603	1.20	750	0.00	0	3.00	1,350	0.00	0	5.50	3,703	673
Statutory and Compliance	0.25	246	1.20	1,170	14.05	11,475	0.55	300	32.92	16,108	0.26	73	49.23	29,372	597
Strategy and Planning	1.60	2,216	3.70	4,378	10.25	7,386	0.00	0	13.92	6,592	24.26	7,347	53.73	27,920	520
Tax and VAT	0.50	530	0.00	0	1.60	1,343	3.65	2,379	1.20	624	2.35	670	9.30	5,545	596
<b>Total for period ended 22 November 2022</b>	<b>2.35</b>	<b>2,992</b>	<b>6.20</b>	<b>7,151</b>	<b>27.60</b>	<b>21,301</b>	<b>4.70</b>	<b>2,984</b>	<b>55.04</b>	<b>26,495</b>	<b>28.80</b>	<b>8,670</b>	<b>124.69</b>	<b>69,593</b>	
<b>Average hourly rate for the period</b>		<b>1,273</b>		<b>1,153</b>		<b>772</b>		<b>635</b>		<b>481</b>		<b>301</b>		<b>558</b>	
<b>Cumulative total to 22 November 2022</b>													<b>47,856</b>	<b>20,032,381</b>	

### All figures are net of VAT

Note: As mentioned earlier in this report, the Administrators will charge a capped fee of £60k for all remaining time and expenses from 23 September 2022 to the closure of Storm.

## *Our time charging policy and hourly rates*

We and our team charge our time for the work we need to do in the Administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the Administration (including our cashiers) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We do not charge general or overhead costs.

As of 1 March 2020, we have been charging PwC rates per hour in line with the respective rate cap in operation on certain other PwC controlled Lehman estates, including LBH, LBHI2 and LBIE, across all our teams. Following the agreement across other Lehman estates, the rate cap was adjusted from 1 July 2022

We set out below the maximum charge-out rates per hour for the grades of our staff who have undertaken work on the Administration. We call on colleagues in our Tax and VAT departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour:

Grade	From 1 July 2022 £	
	Administration	Tax / VAT
Partner	1,060	1,385
Director	975	1,310
Senior manager	715	1,060
Manager	625	775
Senior associate	510	570
Associate	320	315
Offshore Professional - Senior Associate	510	N/A
Offshore Professional - Associate	320	N/A

# Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff.

The key areas of work in the Period have been as follows.

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury	<ul style="list-style-type: none"><li>Monitoring funds held</li><li>Preparing and reviewing the receipts and payments report</li></ul>	<ul style="list-style-type: none"><li>To monitor and minimise risk on the funds held within the company</li></ul>	<ul style="list-style-type: none"><li>Required by statute</li><li>Manage risk of loss through credit default</li></ul>
Creditor claims	<ul style="list-style-type: none"><li>Finalising and issuing the 14th and final dividend</li></ul>	<ul style="list-style-type: none"><li>To ensure funds are paid out to creditors</li></ul>	<ul style="list-style-type: none"><li>To ensure that maximum possible recoveries are made to enable dividend payments to creditors</li></ul>
Statutory and compliance	<ul style="list-style-type: none"><li>Preparing and issuing the final progress report</li><li>Final review by all Administrators</li></ul>	<ul style="list-style-type: none"><li>To enable reporting to all creditors</li><li>To ensure that the correct practice was applied to the estate</li></ul>	<ul style="list-style-type: none"><li>Required by statute and professional guidelines</li></ul>
Strategy and planning	<ul style="list-style-type: none"><li>Implementing the strategy for the estate closure</li><li>Preparing and finalising final case update notes</li></ul>	<ul style="list-style-type: none"><li>To discuss and agree closure of the estate</li><li>To understand and control costs</li></ul>	<ul style="list-style-type: none"><li>Maximise efficiency of work undertaken</li></ul>
Tax and VAT	<ul style="list-style-type: none"><li>Preparation and submission of the final quarterly VAT returns for November 2022</li></ul>	<ul style="list-style-type: none"><li>To remain as tax efficient as possible</li></ul>	<ul style="list-style-type: none"><li>Statutory VAT returns</li></ul>

## Our relationships

We had no business or personal relationships with the parties who approve our fees or who provide services to the Administration where the relationship could give rise to a conflict of interest.

## Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties are based on standard commercial terms.



## Details of subcontracted work

Storm has contracted out certain tax services to the Lehman finance team whose employer is LBIE. This work has been subcontracted because it is more cost efficient than if the Administrators were to do it themselves.

## Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm/organisation	Reason selected	Basis of fees
<b>Legal services, including:</b> <ul style="list-style-type: none"><li>• Advice on the Administration; and</li><li>• Strategy relating to closure</li></ul>	<ul style="list-style-type: none"><li>• Linklaters LLP</li><li>• Davis Polk &amp; Wardwell LLP</li><li>• Reed Smith LLP</li></ul>	<ul style="list-style-type: none"><li>• Knowledge of Lehman estates</li><li>• Advice on UK and US legislation</li></ul>	<ul style="list-style-type: none"><li>• Time and materials</li></ul>
<b>Advertising:</b> <ul style="list-style-type: none"><li>• Advertising notice of dividends in appropriate news sources</li></ul>	<ul style="list-style-type: none"><li>• EPE Reynell</li><li>• TMP UK Ltd</li></ul>	<ul style="list-style-type: none"><li>• Leading supplier of such services</li></ul>	<ul style="list-style-type: none"><li>• Fixed fee</li></ul>
<b>Subcontractors and others</b> <ul style="list-style-type: none"><li>• Lehman Tax services</li></ul>	<ul style="list-style-type: none"><li>• Lehman Brothers International (Europe)</li></ul>	<ul style="list-style-type: none"><li>• Lehman group tax returns</li><li>• Payroll services</li></ul>	<ul style="list-style-type: none"><li>• Time and materials</li></ul>

All third party professionals are required to submit a detailed time-cost analysis and narrative in support of all invoices rendered. The Administrators have satisfied themselves that the level of legal and professional costs is appropriate

## ***Appendix E: Dividends***

All dividends paid to unsecured creditors to date are detailed below:

<b>Dividend</b>	<b>Date</b>	<b>Pence in the Pound</b>
First	25-Sep-13	10.400
Second	12-Nov-13	7.000
Third	08-May-14	10.000
Fourth	10-Sep-14	4.600
Fifth	30-Apr-15	2.300
Sixth	12-Aug-15	3.300
Seventh	02-Jun-16	2.000
Eighth	09-Aug-16	1.000
Ninth	15-Aug-17	0.410
Tenth	17-Apr-18	0.125
Eleventh	19-Sep-18	0.530
Twelfth	18-Sep-20	0.300
Thirteenth	02-Aug-21	0.114
Fourteenth	25-Nov-22	0.187
		<b>42.266</b>

## ***Appendix F: Other information***

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court – case 8210 of 2008
Company's registered name:	Storm Funding Limited
Trading name:	Storm Funding Limited
Registered number:	2682306
Registered address:	7 More London Riverside, London, SE1 2RT
Date of the Administrators' appointment:	23 September 2008
Administrators' names, addresses and contact details:	DY Schwarzmann, EJ Macnamara, GE Bruce and DJ Kelly of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT. +44 20 7583 5000
Extension(s) to the initial period of appointment:	The Court has granted four successive extensions to the Administration period being to 30 November 2010, 30 November 2011, 30 November 2016 and 30 November 2022.